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SUBJECT: November 2008 Trade Policy Review of Jordan

¶1. SUMMARY: WTO Members conducted the Trade Policy Review of Jordan on November 10 and 12, 2008. Jordan's Minister of Industry and Trade Al-Hadidi stressed the importance the country attaches for its first TPR and stated its top priority is to improve its business climate in order to unleash its growth potential. Al-Hadidi stated that Jordan is developing a national trade strategy to further diversify exports, a new industrial policy to increase the competitiveness of SMEs, and a new investment strategy to streamline administrative procedures. Other Members highlighted the importance of FDI in Jordan's economy and the need to further improve the business climate to encourage more investment. Canada and the EC both spoke favorably about Jordan's recent progress in GPA accession and criticized Jordan's SPS measures relating to beef imports. END SUMMARY.

Statement of the United States

¶2. The representative of the United States made the following remarks:

¶3. "Thank you, Chair. The United States is pleased to participate in Jordan's first Trade Policy Review (TPR) since it joined the WTO in 2000. The U.S. delegation warmly welcomes Jordan's Minister of Industry and Trade Amer Al-Hadidi, Ambassador Breizat, and the rest of Jordan's delegation. The government of Jordan's informative report helped us understand developments in Jordan's trade policy regime and practices since its WTO accession. The Secretariat's report was similarly informative and comprehensive. I would also thank Mr. Teepu Khan (of Pakistan) for his meaningful contributions as discussant."

¶4. "The United States and Jordan have enjoyed close relations for six decades, with 2009 marking the 60th anniversary of such ties. United States-Jordan cooperation spans many of the economic and security issues confronting the Middle East and the world."

¶5. "Since 1952 the United States has worked closely with Jordan to improve the lives of Jordanian citizens. U.S. total development assistance exceeds \$5 billion (since 1952) and has funded a range of projects such as health care, education, construction to increase water availability, and support for microeconomic policy shifts toward the free market. Jordan signed a Threshold Agreement with the Millennium Challenge Corporation (MCC) in October 2006, and the MCC subsequently deemed Jordan to be eligible for a Compact Agreement in recognition of the country's progress on economic, social, and political reform indicators. In December 2007, the MCC Board of Directors re-selected Jordan to be eligible for MCC Compact funding. We commend the government of Jordan for this notable achievement."

¶6. "Both the Secretariat's and Jordanian government reports indicate that Jordan is pursuing a strategy of trade liberalization at the multilateral, regional, and bilateral levels. The United States commends Jordan's great strides, following its accession to the WTO, to reform its economy and liberalize its trade regime. As the Secretariat notes, Jordan's economy has shown resilience in a challenging external environment and is likely to remain vulnerable to international prices for energy and food. But, the Secretariat notes, Jordan is addressing these and other structural problems

(including water shortage) through a policy agenda in which privatization, investment, and trade liberalization play key roles. This is a policy direction that the United States welcomes and encourages. Jordan developed a new energy strategy in 2007 that aims to develop more indigenous and renewable energy sources, including oil shale, nuclear energy, wind, and solar power. Fuel subsidies were eliminated in 2008. We recognize the value of these formidable efforts, especially for a small economy so dependent on external resources."

¶17. "The U.S.-Jordan Free Trade Agreement (FTA) entered into effect in December 2001. It was the United States' third free trade agreement, and the first ever with an Arab state. The Jordan FTA achieves significant and extensive liberalization across a wide spectrum of trade issues. It will eliminate all tariff and non-tariff barriers to bilateral trade in virtually all industrial goods and agricultural products within ten years."

¶18. "The United States and Jordan have gained from our expanding economic relationship. Looking back to 1999, at a time when the United States was working to support Jordan's accession to the WTO, Jordan's goods exports to the United States were \$31 million. Our bilateral goods trade that year totaled \$307 million. By comparison, our total bilateral goods trade in 2007 totaled \$2.2 billion, a 500 percent increase over 1999."

¶19. "U.S. goods imports from Jordan totaled \$1.3 billion in 2007, a 6.6 percent decrease (\$93 million) from 2006. But, U.S. goods imports from Jordan are up 480 percent from their 2001 Pre-FTA level. We note that since the FTA's implementation, non-textile FTA exports from Jordan continue to grow, topping more than \$150 million in 2007. The growth in Jordan's FTA exports demonstrates the FTA's important role in helping Jordan diversify its economy. Furthermore, the Jordanian Government reports that more than 50,000 jobs have been created by Jordan's expanding trade with the United States; and foreign direct investment, hugely important to Jordan's economic growth, rose from more than \$600 million in 1995 to greater than \$2 billion in 2007."

¶10. "While the FTA is a key part of the United States-Jordan economic relationship, it is just one component of close bilateral economic cooperation that began in earnest with joint efforts on Jordan's accession to the WTO in 2000. U.S. efforts to support Jordan's rapid and successful WTO accession were followed on the bilateral front by the conclusion of the United States-Jordan Trade and Investment Framework Agreement and a Bilateral Investment Treaty. Agreements like these help bolster Jordan's efforts to diversify its economy and promote growth, and at the same time reduce reliance on exports of phosphates, potash, and textiles; overseas remittances; and foreign aid. The government of Jordan has emphasized information technology (IT) as a growth sector. In fact, as the government states, Jordan has signed the WTO Information Technology Agreement (ITA). Tourism is seen as another promising growth sector."

¶11. "As the Secretariat suggests, 'Jordan could gain from further dismantling its tariff and non-tariff barriers to trade. Rationalization of the MFN tariff through the reduction of tariff bands and rates should help reduce the distortions that result from Jordan's proliferating investment incentives regime. Furthermore, Jordan is subsidizing exports through income tax exemptions.' We take this opportunity to remind Jordan of the WTO General Council decision to grant a conditional extension for maintaining these export subsidies until 2015 at the latest. This deadline is serious, and we hope that Jordan and others are taking preparatory steps now to honor that deadline."

¶12. "The government, in its report, states that 'Integration with the international trading system is ...an important element of Jordan's overall economic growth strategy.' This is a welcome statement, as is the statement that the 'Government of Jordan recognizes and supports the importance of maintaining and strengthening the central role of the WTO in coordinating trade policies of its Members.' I would like to commend Jordan for its efforts in negotiating accession to the Plurilateral Agreement on Government Procurement. We appreciate the progress that has been made in its GPA accession and are hopeful that it can be completed this year. Jordan's accession will demonstrate the flexibilities of

the revised GPA for developing countries. We are, of course, willing to continue to work with you to complete your accession. On intellectual property rights, we appreciate the effort that the Government of Jordan has made to update its copyright legislation to strengthen its protection and enforcement. We urge Jordan to undertake the same efforts for trademark legislation."

¶13. "Finally, we note that the Government of Jordan 'considers the success of the DDA negotiations as paramount for its own prosperity and for the region's and the global economy's prospects'. Let me say that the United States will continue to work with Jordan to strengthen and deepen our relationship and to achieve an ambitious result in the Doha negotiations. That is, a result that includes new market access in services, industrial goods and agriculture, which could further enhance opportunities for Jordan to expand its exports and its export markets. The United States looks forward to working with Jordan toward bringing the Round to a successful conclusion. And we wish you a successful TPR. Thank you."

Chairperson's Summary Remarks

¶14. The Chairman, Ambassador Agah of Nigeria summarized the meeting as follows:

¶15. "This first Trade Policy Review of the Hashemite Kingdom of Jordan has allowed us to improve our understanding of its trade and related policies, and the developments since its accession to the WTO in 2000. Our discussions have greatly benefited from the participation of H.E. Amer Al-Hadidi, Minister of Industry and Trade, and his delegation. We are also grateful for the contribution of our discussant, Mr. Teepu Khan, and for the full engagement of many Members."

¶16. "Members commended Jordan on its impressive economic performance in spite of a challenging external environment. High real GDP growth, relatively low inflation, and a declining public debt are the fruits of an ambitious economic reform programme centred on structural reforms and trade liberalization. While Jordan's measures to liberalize its investment regime were welcomed, it was also noted that foreign investment remains restricted in certain activities, notably transport services. Members encouraged Jordan to improve its business environment, strengthen competitiveness and further open up its economy, with a view to diversifying it."

¶17. "Members recognized Jordan's commitment to the WTO, including the current round of trade negotiations. They also acknowledged Jordan's participation in various regional and bilateral trade agreements. It was noted that the reduction of bound tariff rates, and further simplification and rationalization of Jordan's tariff regime should contribute to better resource allocation. Some Members encouraged Jordan to reform its government procurement regime, and looked forward to its accession to the plurilateral Agreement on Government Procurement. Clarification was sought on why a penalty is charged at customs when importers fail to present an importer card and as to why not all importers were eligible for an importer card."

¶18. "A number of concerns were also raised, notably with regard to certain aspects of Jordan's SPS regime, compliance with notification obligations under the WTO, customs procedures (including customs formalities), import prohibitions and licensing, price controls, and internal taxation. Members also asked questions with respect to technical barriers to trade; intellectual property; agriculture; energy; manufacturing (including textiles and clothing); and services. Jordan was reminded of its commitment to phase out export subsidies by 2015 at the latest. Some Members also urged that trade-related technical assistance be provided to Jordan."

¶19. "Members expressed their appreciation for the responses provided by the Jordanian delegation to questions that were posed during the review exercise, and looked forward to receiving written answers to any outstanding questions within one month."

¶20. "In conclusion, Members congratulated Jordan on the positive economic results it has achieved since its WTO accession. They encouraged Jordan to pursue its reforms and improve its multilateral commitments on goods and services, with a view to enhancing the

transparency and predictability of its trade regime, and adherence to WTO principles. Members could help by keeping their markets open for products and services of interest to Jordan."

¶21. "Once again, I thank Members for their active participation in the first Trade Policy Review of Jordan and the Secretariat for the excellent report. I also thank the interpreters for their usual and efficient good work."

ALLGEIER